

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05 L-02 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 FEA-01

OIC-02 /104 W

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R 141224Z MAY 75

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 8856

INFO USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: ETRD, EEC, XA, XL, XM

SUBJECT: GATT HANDLING OF THE LOME CONVENTION

REF: A. EC BRUSSELS 3835 B. STATE 106835

1. BEGIN SUMMARY: HIJZEN SEES NO PROBLEM IN THE MAIN LINES OF US AND EC IDEAS ON THE GATT HANDLING OF THE LOME CONVENTION. HE HOPES TO GIVE US EARLY NEXT WEEK THE PROPOSED TEXT FOR EC NOTIFICATION TO THE GATT, WHICH HE BELIEVES MUST BE ACCOMPLISHED BY THE FIRST OF JULY, BUT HE WILL ASK THAT WE NOT LET THE TEXT GET BEYOND THE UNITED STATES GOVERNMENT. HE LOOKS ON US/EC COOPERATION IN THE GATT HANDLING OF LOME AS AN ESSENTIAL ELEMENT OF THE CASEY/SOAMES UNDERSTANDING. END SUMMARY.

2. WE SPOKE WITH HIJZEN ON MAY 13 ALONG THE LINES CONTAINED IN REF B. HIJZEN SAID THAT HE THOUGHT THAT THE UNITED STATES AND THE COMMUNITY WERE GETTING QUITE CLOSE. HE SAW NO PROBLEM ON THE LIMITED OFFICIAL USE

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MAIN LINES OF HIS AND OUR IDEAS ON THE APPROACH TO THE GATT. THE

COMMISSION WAS PLANNING TO PRESENT THE AGREEMENT TO THE GATT ON A "SUI GENERIS" BASIS, THOUGH RATHER THAN THESE WORDS, THE EC COMMISSION WAS CONSIDERING ASKING FOR GATT APPROVAL ON "THE MERITS OF THE CASE." THE EC WOULD REFER TO ITS HISTORIC RELATIONS WITH THE ACPS. THERE WOULD BE NO MENTION OF ARTICLES XXIV OR XXV AND NO ATTEMPT TO INVOKE PART 4 AS A JURIDICAL BASIS FOR PROVING THAT THE AGREEMENT IS COMPATIBLE WITH THE GATT. THE COMMISSION WOULD, HOWEVER, PERHAPS CONSIDER QUOTING FROM PART 4 TO SHOW THAT SOME SECTIONS OF THE GATT HAVE THE SAME PURPOSE AS THE LOME CONVENTION AND REFERRING TO PART 4 IN CONNECTION WITH THE REMOVAL OF REVERSE PREFERENCES. WE REITERATED THAT US OPPOSITION TO REFERENCES TO PART 4 OR ARTICLE XXIV STEMMED FROM OUR WISH TO AVOID HAVING THE AGREEMENT CHARACTERIZED AS COMPATIBLE WITH THE GATT AND THEREBY ESTABLISHING A PRECEDENT FOR OTHER PREFERENTIAL AGREEMENTS.

3. HIJZEN REPEATED THAT THE COMMISSION WAS NOT ENTHUSIASTIC ABOUT A FIVE-YEAR REVIEW. THE AGREEMENT WILL LAST ONLY FIVE YEARS AND PRESUMABLY WOULD BE REPLACED BY A NEW ONE SO THAT A FIVE-YEAR REVIEW WOULD REALLY BE ONLY A HISTORICAL EXERCISE. HE ALSO CONFIRMED THAT THE COMMISSION WOULD ANTICIPATE RE-NOTIFICATION TO THE GATT SHOULD THERE BE ANY MODIFICATIONS IN THE AGREEMENT DURING ITS LIFETIME. AS HE HAS STATED PREVIOUSLY, HE IS NOT OPPOSED TO THE IDEA OF AN ANNUAL REPORT BUT THAT WOULD DEPEND ON HOW THIS WERE APPROACHED IN THE WORKING PARTY. HIJZEN SAID WE SHOULD PROBABLY NOT TALK TOO MUCH ABOUT WHETHER WE ARE WORKING TOWARD A "DECISION" OR THE ACCEPTANCE OF A CHAIRMAN'S SUMMING-UP OF THE REPORT OF THE WORKING PARTY. HE ANTICIPATED THAT LABELING IT A DECISION WITHOUT REFERENCE TO ARTICLE XXV WOULD BE DIFFICULT. IN ANY CASE, IF A DECISION IMPLIED VOTING, THE COMMISSION WAS AGAINST IT.

4. HIJZEN HAS BEGUN TO PREPARE THE DRAFT OF THE EC NOTIFICATION TO THE GATT, BUT IT HAS NOT YET BEEN CLEARED WITHIN THE COMMISSION. HE DOES NOT WISH TO GIVE IT TO THE UNITED STATES UNTIL IT IS AGREED IN THE COMMISSION. HE ANTICIPATED, HOWEVER, THAT HE MIGHT BE IN A POSITION TO LET US HAVE THE DRAFT EARLY NEXT WEEK IN ORDER THAT WE COULD SEE CLEARLY WHAT LIMITED OFFICIAL USE

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THE COMMISSION WOULD BE PROPOSING, BUT HE WOULD HAVE TO INSIST THAT THE TEXT REMAIN WITHIN THE UNITED STATES GOVERNMENT AND NOT BE GIVEN TO THE LATIN AMERICANS SINCE HE WOULD STILL NEED TO CLEAR IT WITH HIS MEMBER STATES AND WITH THE 46 ACPS, AND IT WOULD BE MOST EMBARRASING IF THE LATTER SHOULD LEARN THAT THIRD COUNTRIES HAD THE TEXT FIRST. NEVERTHELESS THE TEXT WOULD BE HELPFUL IN FOCUSING THE CONSULTATIONS BETWEEN THE US AND THE LATIN AMERICANS. HE IS EAGER TO

MAKE THE NOTIFICATION BEFORE THE PROVISIONS OF THE AGREEMENT
COME INTO EFFECT ON THE FIRST OF JULY.

5. PHAN VAN PHI, WHO WAS ALSO PRESENT AT THE CONVERSATION,
MENTIONED TWO PROBLEMS. THE FIRST IS THAT AT THIS STAGE THE
COMMUNITY CANNOT JUDGE THE ACPS' REACTION TO ITS PROPOSAL
AND THOUGH THE COMMUNITY WOULD TRY TO COORDINATE WITH THE
ACPS AND HOPE THAT THEIR LETTER TO THE GATT WOULD BE
SIMILAR TO THE COMMUNITY'S, THIS HAS YET TO BE WORKED OUT.
HE ALSO SAID THAT IF OTHER MEMBERS OF THE GATT PRESSED
FOR AN ARTICLE XXV WAIVER, THEN THE COMMISSION WOULD HAVE
TO REVIEW THE WHOLE SITUATION.

6. WE REVIEWED AGAIN WITH HIJZEN THE CASEY/SOAMES UNDER-
STANDING (PARAGRAPH 6, REF B). WE TOLD HIM THAT THIS
UNDERSTANDING HAD BEEN AN IMPORTANT FACTOR IN THE US
REACTION TO THE LOME AGREEMENT. WE RAN OVER THE ELEMENTS
OF THE CASEY/SOAMES UNDERSTANDING (THE US COMMITMENT TO
GSP, THE ELIMINATION OF THE MANDATORY REVERSE PREFERENCES
OF THE OLD YAOUNDE AGREEMENT, THE EC UNDERTAKING TO MAINTAIN
FIRM GEOGRAPHIC LIMITS ON ITS PREFERENTIAL ARRANGEMENTS - AN
ISSUE WHICH WAS STILL CURRENT BECAUSE OF IRAN- AND THE US
EXPECTATION THAT THE EC WOULD BE PREPARED TO SEEK SOLUTIONS
TO SPECIAL PREFERENCE PROBLEMS THAT MIGHT ARISE) AND ASKED
HIS COMMENTS ON HOW THE UNDERSTANDING RELATED TO THE CURRENT
DISCUSSIONS ON GATT HANDLING. HIJZEN'S COMMENTS WERE
SIMILAR TO THOSE MADE ON APRIL 29. HE AFFIRMED THAT THE
CASEY/SOAMES UNDERSTANDING HAD BEEN IMPORTANT FOR THE
COMMUNITY AS WELL. HE FELT THAT THE COMMUNITY HAD GONE A
LONG WAY TOWARD SHOULDERING ITS SHARE OF THE UNDERSTANDING --
E.G. THE MAINTENANCE OF THE GEOGRAPHIC
LIMITS DESPITE PRESSURE FROM
COUNTRIES SUCH AS IRAN. HE ALSO UNDERSTOOD THE
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IMPORTANCE OF THE US MOVES TO ESTABLISH ITS GSP. IT WAS
ON THIS BASIS OF THE UNDERSTANDING THAT THE COMMISSION
WAS LOOKING TO THE UNITED STATES TO COOPERATE IN THE
GATT HANDLING. HE ADDED THAT HE WAS PLEASED TO SEE THAT
OUR THINKING WAS MOVING ALONG SIMILAR LINES ON THE MAIN
PRINCIPLES. GREENWALD

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